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insights

from **MSI**

Innovation

"Too new" to purchase? Consumer response to really new products

What are marketers to make of the failure of such innovative products as the Segway scooter? Are people willing to risk buying really new—and therefore unfamiliar—products? Or, when the time comes to part with their money, are they more likely to follow through with purchase intentions for more familiar, incrementally new products?

That is the question that David Alexander and John Lynch of Duke University, joined by Qing Wang of Warwick University, take up in "As Time Goes By: Warm Intentions and Cold Feet for Really New versus Incrementally New Products?"

Using Steve Hoeffler's 2003 definition of a really new product (one that lets consumers do new things, but at the cost of greater uncertainty regarding benefits and cost-benefit tradeoffs, and requiring greater changes in behavior for successful use), the authors compare consumers' follow-through on stated intentions to purchase really new products (RNPs) and those that are only "incrementally" new (INPs). INPs are defined as products that do not allow consumers to do new things, but where the benefits and cost-benefit tradeoffs are more certain. In addition, INPs don't require consumers to change their behavior to enjoy the promised benefits.

The authors surveyed 2,692 participants from a CBS Television City online panel about their intention to purchase each of 28 products in the communications and entertainment sector. Participants were asked a series of questions relating to how new they perceived the product to be, the benefits they thought they would receive from the product, and how much they thought they would have to change their behavior to use the product.

Products' "newness" scores were the averages of the scores participants gave the products; the higher the score, the newer the product: those at the high end (blogging services, streaming TV, personal digital

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Consumers are four times more likely to intend to buy a "less-new" than a "really-new" product.

assistants, digital video recorders) were classed as RNPs; those at the low end (flat-screen TV, DVD players, home theater systems) were classed as INPs. In a follow-up study, the authors resurveyed those who reported an intention to buy an RNP or INP (60% of the original participants, or 1,622 people) to see whether they had actually acted on those intentions.

The results were startling and unequivocal. The researchers report that the respondents are more than four times more likely to intend to acquire least-new products as they are to intend to purchase most-new products. Furthermore, follow-through on purchase intentions is twice as high for the least-new products as for the most-new products. As time went by, the

think abstractly about really new products,” said Lynch, “and when you think abstractly about a positive intention to buy something, chances are you won’t follow through. . . . It just slips your mind over time.”

Delight or disappointment?

In a second follow-up study, the researchers examined how accurately participants predicted the nature and frequency of their future use of the product they intended to buy. People who expressed an intention to buy an RNP were much more likely either to underestimate or overestimate their prospective use of the product. This means, points out Lynch, that “people will either be delighted or disappointed.”

While delight may create positive word-of-mouth, disappointment will have the opposite effect. Further, people more often overestimate their use of RNPs than of INPs—and therefore are more likely to be seriously disappointed with RNPs.

“The findings seem to suggest that, ironically, it is a bad thing for a marketer’s new product to be perceived as too new,” says Lynch. He is quick to point out, however, that the research is focused on a specific stage in the purchase process: “We started at the point of intention to buy,” he notes. “If it hasn’t even crossed your mind to intend, then newness prompts attention that may be critical to getting consideration. Alexander is studying these earlier effects of newness in other ongoing research.” When people are first learning about a product, he notes, “the extreme benefits offered by RNPs pique consumers’ curiosity.” If the interest generated by an RNP’s newness outweighs the skepticism it generates, then it may have an advantage over INPs.

“Marketing a product may be like conducting a campaign for public office,” Lynch explains. “At

first, when you’re an outlier and want coverage, it may make sense to position yourself as really new and different, but as you close in and you want people to intend to make a purchase you will want to seem more concrete and less psychologically new.” Lynch points to the Apple iPhone as an example of a product that has been successfully (and correctly) marketed as incrementally new. Rather than being sold as a radically new product, the iPhone touted better ways to solve existing problems—e.g., by offering full Internet rather than the limited Internet available on other mobile phones, along with a better interface, etc.

And what about INPs? The fact that people become increasingly likely to act on their intention to buy as time passes suggests that INPs can benefit from a long lag between announcement of a product release and the actual release date. “A new video game title that is incrementally new . . . may in fact benefit from prelaunch buzz,” the researchers note. But marketers of really new products may waste their money on prelaunch hype aimed at getting consumers to intend to buy when the product is finally released. When people form an intention to buy a really new product, if they don’t act very soon, they are very unlikely to follow through.

The final word? “Anything that makes [a] product seem newer actually discourages consumers in the untapped market from forming a positive intention to acquire,” the researchers conclude. So ignore the adage that says familiarity breeds contempt. On the contrary: familiarity breeds a greater likelihood that people will decide to make a purchase, form concrete plans for acting on that decision, and carry through.

BY FRANCESCA FORREST



From “As Time Goes By: Warm Intentions and Cold Feet for Really New versus Incrementally New Products?” (MSI Report No. 07-112)

Marketing a product may be like conducting a campaign for public office.

chances that survey participants who expressed an intention to purchase an RNP would actually act on that intention *declined* each succeeding month, whereas the chances that survey participants who expressed an intention to purchase an INP *increased* each succeeding month.

Warm intentions but cold feet

In one follow-up study designed to explore the psychological mechanisms behind their findings, the researchers looked at how concretely the participants thought about their purchase intention. It has been shown that if people formulate a plan (an “implementation intention”) for acting on their intentions, they are more likely to follow through.

Sure enough, the researchers discovered that product newness had a significant, negative effect on implementation intentions: people intending to buy RNPs were less inclined to think concretely about how they were going to act on their positive intention. “People naturally